

NOVEMBER 17, 2011

Minutes of the monthly meeting of the Municipal Services Commission held November 17, 2011 at the office of the Commission, 216 Chestnut Street. The meeting was called to order at 4:00 P.M. with Robert S. Appleby, President, Commissioner, presiding.

Attendance Report:

Present:

Robert S. Appleby, President, Commissioner
Daniel F. Knox, Commissioner
Dr. Roy J. Sippel, Commissioner
Francis L. Patterson, Secretary
Pamela Patone, Comptroller

MINUTES

With the concurrence of all the Commissioners the minutes of the October 19, 2011 regular monthly meeting were approved without alteration.

COMPTROLLER'S REPORT

Comptroller Patone began her report by saying she will credit Converting Solutions with \$6,565.17 in their December 27, 2011 bill which was the amount Jeffery Cianciulli and she agreed was the disputed charge for demand. She clarified with the Commissioners their intention was not to change the tariff, that multiple billing for demand still applied when there were multiple occupancies in a premise in a billing cycle. They said that was correct. The Comptroller said the Commissioners wanted her to develop a commercial deposit policy but she needs a legal opinion regarding letters of credit and or payment bonds and how they are treated in a bankruptcy. She asked the Commissioners if it was alright to speak with the Commission's attorney for an opinion. The Commissioners said it was OK.

The Comptroller reported that cash increased \$277,000 from the previous month and the Change in Net Assets is in excess of \$555,000. She added, that is higher than last year and higher than budgeted, but is consistent with what she has previously been reporting. She told the Commissioners DEMEC credited the MSC \$102,935 in its October energy supply invoice which refunds apportion of the over-collected funds. She went on to say that she doesn't have anything of significance to report as to a variance of revenue and expenses, general and administrative or operating expenses, all of which have been consistent.

Comptroller Patone said she has been working with Utility Financial Solutions on the rate study providing electric consumption reports and financial information similar to what the Secretary provides the Commissioners only with more detail. She said that at this point they are just collecting information for the study. She expects in the next week or so to be providing information on water. Commissioner Appleby asked if she thought the report would be issued in March. Comptroller Patone said she would anticipate sooner than that. The Comptroller reminded the Commissioners there had been a discussion about using the PPA (Power Purchase

Adjustment) as a means to refund monies prior to any decision on new rates. The Commissioner Appleby asked the Comptroller to make a recommendation for the next meeting. Commissioner Knox asked if the Comptroller had done an adjusted 5 year cash flow analysis. She said she had not. He said that would be helpful.

She next reported on the substation reconciliation. She told the Commissioners there had been some activity with DEMEC reimbursing the MSC for portions of the SCADA system and engineering expenses related to the relay problem at Dobbinsville. She added that the Secretary and she had not met with DEMEC to discuss unused monies for the substation project. Commissioner Appleby asked if the MSC was being credited with interest on all monies held by DEMEC. She said that she is accounting for interest earned, she then broke down for the Commissioners by account what she calculated.

She next reported on her activities over the past month in which she said that she met with Nationwide who offers a Roth 457 retirement option. She told the Commissioners that she would like the MSC to offer this option to employees. After discussion the Commissioners approved offering it as an employee funded retirement program. She said after comments from staff about working conditions at the front desk she brought in an ergonomic sales consultant to make recommendations on improving the physical work area. She said he made several observations and will get back to her with his recommendations. She said she has had office staff attend Microsoft training courses to improve their computer skills. She said that Mary Jane Stubbs and she have met with the Delaware Public Archives at the recommendation of the Secretary to understand the state laws regarding records retention. As a follow up she had the Administrative Staff meet with personnel from the Archives to understand the law and what types of records need to be retained. She told the Commissioners she is working with the Supervisors to update the written safety program for compliance with Worker's Compensation Act for insurance purposes.

The Comptroller and Commissioner Sippel briefed Commissioners Knox and Appleby on their investigation into on-line bill payment options. The Comptroller said they interviewed three companies and have one more company to interview. Commissioner Sippel said he is interested in providing a convenience to MSC customers where they can make electronic check payments free of charge. He said those paying by credit card would have to pay fees to third party providers. He went on to say he believes the MSC by marketing such a service could get 30 to 50 percent participation. He told the other Commissioners he thinks it could reduce MSC's cost for processing payments but added this is speculation on his part until more information is gathered. Comptroller Patone said there are other conveniences which would be available to customers such as viewing their bills on line or being able to review their payment activity.

Upon motion made and unanimous approval, the Commissioners accepted the financial report for the month of October and approved the payment of the October bills attached hereto.

SECRETARY'S REPORT

Secretary Patterson reported on the October 15, 2011 DEMEC monthly meeting held in Smyrna, Delaware. He said among the topics discussed was the renewal of the ACES Power Marketing

agreement to assist DEMEC in managing its power supply contracts and dispatch. He said the new contract will increase ACES duties by calling on them to help manage the energy dispatch from the Fremont Combined Cycle Generation Unit, Beasley Unit #2, Laurel Hill Wind Farm and the Dover Sun Park projects. The Secretary said one of the Fremont CT (Combustion Turbine) units experienced a problem during testing and repairs were required. The Secretary went on to say that extensive discussions were had by the Board regarding a second offer by the Delaware Electric Coop to purchase the City of Lewes' electric utility. The Secretary concluded his report with a discussion about the rate DEMEC secured in the refinancing and financing of the Beasley generation units and DEMEC's Administration Building.

Upon motion made and unanimous approval the Commissioners voted to go into Executive Session to discuss legal matters relating to a lawsuit with Riverbend in Old New Castle. Upon motion made and unanimous approval the Commissioners voted to return to their General Session.

The Secretary said that he has nothing to report regarding the business parks other than an article from the paper which speculates that Amazon.com, a tenant in Centerpoint Business Park, is looking to build a large distribution center and Middletown is the likely candidate for its location.

The Secretary reported for Supervisor Blomquist in electric that Dobbinsville substation is still off line while Southern States makes repairs to the motor operator for the circuit switcher. The Secretary added that the MSC feels this is a warranty issue and Southern States feels someone worked on the box which caused a water leak which prevented the switch from operating. The MSC's position is Southern States should make the repair, return the unit, and argue who is responsible after the substation is back online. The Secretary told the Commissioners that ABB repaired a relay for the Dobbinsville substation. He went on to say in other activities the electric crew is busy trimming trees throughout the city. The Secretary reported on November 14, 2011 the MSC experienced a trip on circuit 240. He said the cause was not readily apparent so they changed the current limiters on all three phases. The Secretary said that Supervisor Blomquist is pleased with the integration of Kent Schmusser into the electric crew and that he plans to utilize senior lineman Jake Henasey until Kent is comfortable with MSC operations. The Secretary said Administrative Staff interviewed a potential candidate for the Assistant Electric Supervisor position but decided to continue their search.

The Secretary reported for Supervisor Guyer in water that Layne Christensen has presented their bill for the School Lane rehabilitation and that DBF and the MSC have both signed off and Layne's bill will be paid by the end of the month. The Secretary said Supervisors Guyer and Jaeger are planning additional training on the SCADA system with Keystone Engineering but the system is performing as expected so they have gradually eliminated weekend site visits by water operators. The Secretary further reported that in April 2012 MBA, the MSC's water tank consultant, will be in to do their inspection of the million gallon tank. The Secretary told the Commissioners that all had gone well with the Buttonwood relining project up to the point that J. Fletcher Creamer tried to run the cleaning devices through the area where the drainage pipes cross Buttonwood Ave. The Secretary said Supervisor Guyer is looking for an alternative route to run new pipe. He has approached Mr. and Mrs. Evans who live on the corner of A Street and

Buttonwood Ave to secure an easement to run the main across their property. The Commissioners questioned the Secretary on the details of the alternate route and in response the Secretary asked them to approve J. Fletcher Creamer's quote of \$49,500 (minus materials) to build the alternate connection. Upon motion made and unanimous approval the Commissioners approved paying J. Fletcher Creamer \$49,500 to build the alternate connection where the water main traverses the drainage pipes at Buttonwood Ave. and A Street. He reported on work to establish curb stops for two new houses on Williams Street. He spoke about a problem at "The Helm", the high-rise on West 9th Street, which was having a problem with water pressure. He said Supervisors Guyer and Jaeger diagnosed the cause and advised the owner of steps that could be taken to correct the problem. He brought the Commissioners current on the progress of the Cross Connection Control program and the kick off meetings the Supervisors had with Rural Water and Hydro Design. He told the Commissioners that ODW (Office of Drinking Water) mandated monthly monitoring of the Basin Road well for removal of TCE by the new aerator has been reduced to every three months. He said the aerator is removing 100% of the TCE. The Secretary next reported on Supervisor Guyer and Jaeger's discussions with Del-Dot regarding the repaving of Washington Street. The Secretary related Supervisor Guyer's concerns about Del-Dot's standards in rehabilitating a street and how it may impact the old cast iron water main with lead joints. The Commissioners asked the Secretary to get involved and to bring the MSC's concerns to the city. The Secretary said the Supervisors are working on revisions to the "Technical Specifications For Water" and all the Administrative Staff are working on revisions to the tariff.

OLD BUSINESS

The Secretary shared with the Commissioners the landscaping plan that was approved by the Board of Adjustment for the Dobbinsville substation. He said Bob Rizzardi quoted six thousand dollars to execute the plan and was awarded the contract. He said the work should be completed by the end of the year. He mentioned that the MSC is just starting to receive some of the materials to redo the Control House at Wilmington Road substation.

The Secretary reported on his meeting with City Attorney Daniel Losco to work on language to amend the MSC Charter which would be acceptable to both the City Council and the MSC.

NEW BUSINESS

The Secretary said there is a request from the Trustees to install utilities to the buildings on the Penn Farm as well as area lighting. The Secretary gave the Commissioners a breakdown of their options and the cost of materials, labor and equipment. After discussion the Commissioners upon motion made and unanimous approval authorized installation of water and electric to the buildings and installation of six area lights.

The Secretary said he will seek permission from the Planning Commission at their November 28, 2012 meeting for a "special exception" to allow a well and pump facility on the Penn Farm in proximity to Route 273 & School Lane. He said, upon approval by the Planning Commission he will then apply for a Board of Adjustment hearing and seek its approval for a "special exception".

The Secretary introduced a document prepared by DEMEC titled “Bring Down Certificate Of The Project Participant” which is the consent of the MSC to refinance and finance the Beasley generation units in Smyrna as well as refinance the DEMEC Administration Building. Upon motion made and unanimous approval the President and Secretary were authorized to sign the document.

NOVEMBER MEETING

The Commissioners set the date of the next monthly meeting to be December 20, 2011 at the office of the Commission, 216 Chestnut Street.

ADJOURNMENT

By motion made and unanimous approval, the Commissioners voted to adjourn.

Approved _____
Date

Francis L. Patterson, IV